



School & Institutional Trust Lands Administration  
Board of Trustees Meeting  
Salt Lake City, Utah  
August 23, 2018  
9:00 a.m.

**Attending:**

**Board Members:**

Lonnie Bullard  
Dave Donegan  
Roger Barrus  
Scott Ruppe  
Donald Foot  
Rick Woodbury  
Michael Mower, via teleconference for part of the meeting

**Presenters**

John Baza, Director, Division of Oil, Gas, and Mining (DOGM)  
Tom Thompson, Senior GIS Analyst, DOGM

**Visitors**

Karen Rupp, Utah State Board of Education Beneficiary  
Natalie Gordon, Utah State Board of Education Beneficiary  
Scott Jones, Utah State Board of Education Beneficiary  
Margaret Bird, U of U and USU Beneficiary  
Jonathon Bates, U of U Beneficiary  
Tom Bachtell, Former SITLA Board Chair

**Welcome, Approval of Board Meeting Minutes, and Confirmation of Upcoming Meeting Dates**

Mr. Bullard began the meeting by welcoming members of the Board, staff, and visitors. Mr. Bullard entertained a motion from Mr. Barrus to approve the Minutes of the July 26, 2018 Board meeting. Mr. Mower seconded it. The motion was unanimous in the affirmative. Mr. Bullard asked Board members to hold the 3<sup>rd</sup> Thursday in December open in the event the Board needs to meet. Dir. Ure asked that we send out invitations to the September 20<sup>th</sup> Board meeting in Moab to local County Councils, County Commissioners, Mayors, etc. to mingle with our Board before the meeting.

**County Advisory Committee, Utah Tribes, and Public Comment Period**

Mr. Bullard invited members of the audience to participate, but seeing none, he moved to the next item on the agenda.

## **Recognition of Chair Bachtell**

Director Ure invited Natalie Gordon and Margaret Bird to come forward for recognition of the outgoing Board Chair. Ms. Gordon expressed her gratitude for Mr. Bachtell's knowledge and experience. She presented a plaque of a pump-jack. Ms. Bird thanked Mr. Bachtell for being a decades-long loyal defender of the Trust and gave him a gift as well. Director Ure thanked Mr. Bachtell for encouraging the organization to think outside the box. He expressed his belief that the organization is stronger because of Mr. Bachtell. Director Ure presented a commemorative map of Utah. Mr. Bachtell spoke to the audience about how he anticipates that SITLA will shine in the future. He welcomed Mr. Donegan to the Board. Mr. Bachtell invited Board members to reach out to him should they need. Mr. Bullard extended his gratitude for Mr. Bachtell and recognized the increase in value of the Trust during his tenure.

## **Oath of Office – Dave Donegan**

Chair Bullard presented the Oath of Office to Mr. Donegan.

## **Election of Board Chair and Vice-Chair**

Mr. Bullard invited a motion to elect a Board Chair. Mr. Barrus moved to elect Mr. Bullard to the Chairmanship, and Mr. Mower seconded. The vote was unanimous in the affirmative. The Board then voted on the nomination of Mr. Barrus as Vice-chair. Mr. Foot made the motion and Mr. Mower seconded. The vote was unanimous in the affirmative.

## **Chair's Report**

Chair Bullard commented on the gravity of changing leadership and adding a new member to the Board. He said that serving on this Board is a unique opportunity for service in the State. He expressed gratitude to members of the Board and reminded them that they are fiduciaries who are to uphold the charter of the Trust. He stated that service on Board committees is a key component of their duties. He thanked staff for their participation with those committees. Chair Bullard expressed his high regard for the Beneficiaries for the schoolchildren of Utah. He spoke about the role of the Board; how it is a strategic body that can help the Director and the staff with the Trust's assets. He expressed his desire that the value of the Trust be doubled in the next decade.

## **Mike Mower left the meeting at 9:26 a.m.**

Karen Rupp spoke to the fact that this Board is well-equipped to move forward. She reminded the Board that they are helping the schoolchildren and encouraged them to be cognizant of their role in supporting them. She expressed her gratitude for the Board and staff.

## **Open and Public Meetings Act Review**

Mr. Johnson welcomed our newest member of the Legal Department, Ms. Keli Beard. He shared her history, expertise, and explained what a great team member she will be. Mr. Johnson proceeded to explain the Board's obligation to follow the Open Public Meetings Act, fulfilling the requirement that the Board receive an annual training. The full presentation is at <https://www.utah.gov/pmn/files/422207.pdf>. Mr. Barrus clarified that an audio recording of a closed session would only be made available to a judge in litigation to determine whether the recording should be available to the public. Chair Bullard asked whether the notice of closed session needs to be on the agenda. Mr. Johnson responded that that has been our practice, but that a closed session can be held at any time when an exception to the Act is met.

Ms. Bird inquired about whether SITLA is required to meet the Open and Public Meetings Act because SITLA doesn't receive tax monies. Mr. Johnson provided his legal counsel that SITLA should comply with the Act as a matter of good practice, and out of an abundance of caution.

### **Department of Oil, Gas, and Mining (DOGM) Presentation**

Mr. Baza shared his presentation "Relationship between SITLA & Utah Division of Oil, Gas and Mining." The full presentation can be found at <https://www.utah.gov/pmn/files/422215.pdf>.

Mr. Thompson showed a video of drone footage that he presented to the DOGM Board to help them understand what their agency is working on, especially regarding remedying hazardous terrain. He explained that DOGM is working with other states to inform the public about their role.

### **Notification and Discussion Items**

Mr. Mitchell presented the Notice of Minor Development Transaction – Proposed Sale of .91 Acres +/- , Rockville. The full notice can be found at <https://www.utah.gov/pmn/files/418783.pdf>. The slide show he presented is at <https://www.utah.gov/pmn/files/422209.pdf>. He explained that this property will be on the auction block this fall. Mr. Mitchell explained that the Real Estate committee has reviewed the presentation and that there was no need for action on the part of the Board.

Mr. Faddies presented ML 53813-ROME - Frac Sands Right of Mineral Entry with Option to Lease, Kanab, Kane County. The full memo can be found at <https://www.utah.gov/pmn/files/418781.pdf>. The image that Mr. Faddies referenced is at <https://www.utah.gov/pmn/files/422211.pdf>. Mr. Faddies explained that this project is a high priority for SITLA as it would allow for local collection of frac sands. Mr. Foot remarked that the frac sand community is evolving and that there's a broader range of size that oil companies can use. Mr. Woodbury asked if there are any competitors. Mr. Faddies explained that the big competitors are outside the state. Mr. Barrus expressed his gratitude for SITLA's move into this area. He believes that this type of project will encourage improved transportation to the area. Mr. Ruppe moved that the Board approve this OBA. Mr. Barrus seconded. The vote was unanimous in the affirmative. Mr. Mower was not present for the vote.

Ms. Erler presented the Development Lease – Cross Hollow Project, Cedar City. The full memo can be found at <https://www.utah.gov/pmn/files/418779.pdf>. Ms. Erler showed slides which can be found at <https://www.utah.gov/pmn/files/422217.pdf>. The request was for permission to pursue negotiations with an outside party. She pointed out that this project has multiple beneficiaries: School of Mines, 77%, Schools 22%, and Miners Hospital 1% as a result of the earlier exchange approved by the Board. The Real Estate committee approved the request. Mr. Woodbury stated that negotiations are warranted at this point because of new development and activity near the property. Ms. Erler concurred. Ms. Bird questioned why SITLA is negotiating a project that is decades away from closing. She also expressed concern about the scope of the advertising. Ms. Erler explained that SITLA advertised to both St. George and Cedar City markets. She also clarified that the market for this property is local, and that the Cedar City market is unique. Chair Bullard recognized the Development division's strategy regarding reaching out to local groups that have ties to the area. Mr. Woodbury explained that because this is such a small piece of property it is difficult to work with groups outside the Cedar City area. Mr. Woodbury moved to explore negotiations regarding development on the project. Mr. Ruppe seconded it. The vote was unanimous in the affirmative. Mr. Mower was not present for the vote.

## **Director's Report**

Director Ure invited Mr. Johnson to notify the Board of a notice of appeal that EOG filed the day before. Mr. Johnson explained that the Board will need to conduct a hearing. He asked that they not speak with SITLA auditors on this matter before the hearing because there will be a division between the Board and SITLA as an agency. A lawyer will be assigned to serve the Board in this matter.

Director Ure announced that several pieces of legislation that will affect SITLA were discussed in Washington, D.C. yesterday. The Board was invited to attend the Energy Summit On the 29<sup>th</sup> and 30<sup>th</sup> in Vernal. Director Ure also shared that there will be a field hearing for the House Committee on Natural Resources on Wednesday the 29<sup>th</sup> regarding energy and education and that he will be presenting.

Mr. Christy discussed the Rep. Love legislation, HR2582. The map that he mentions is at <https://www.utah.gov/pmnm/files/422257.pdf>. He anticipates that there will be a presidential signature soon.

Mr. Christy shared his insights into the current wildland fires. He thanked Barry Beidinger for his assistance with the GIS technicalities for this presentation. Over 1,000 fires covering 315,500 acres have ignited in Utah this year. Eleven fires have a nexus to SITLA lands. The Grouse Creek fire has impacted SITLA lands directly. Mr. Christy reminded the Board about SITLA's commitment to rehabilitation of the land. He mentioned that the State expects agencies like SITLA to be proactive in wildfire risk prevention.

Director Ure explained that this is the last proposed budget to be presented by Ms. Schneider because of her forthcoming retirement. She looks forward to continued work on trust lands through her new adventure with WSLCA. Ms. Schneider presented and explained the 2020 Proposed Budget. The formal report can be found at <https://www.utah.gov/pmnm/files/418785.pdf>. Mr. Ruppe moved that the Board approve this budget. Mr. Foot seconded. The vote was unanimous in the affirmative. Mr. Mower was not present for the vote. Chair Bullard expressed his gratitude for Ms. Schneider's years of service.

Mr. Fausett shared a BLM Travel Management Plan Update. His presentation can be found at <https://utah.gov/pmnm/files/422221.pdf>.

## **Closed Session**

At 12:24 p.m., Chair Bullard entertained a motion from Mr. Ruppe to move into Closed Session. Mr. Barrus seconded it. The vote was unanimous in the affirmative. Mr. Mower was not present for the vote. The authority cited to go into Closed Session was §52-4-205(1)(c), Strategy Sessions to Discuss Pending or Reasonably Imminent Litigation and §52-4-205(1)(d), Strategy Sessions to Discuss the Purchase, Exchange, or Lease of Real Property, Including any Form of a Water Right or Water Shares.

## **In attendance in the closed session:**

David Ure, Director  
Lisa Schneider, Finance Director  
Ron Carlson, Audit Manager  
Rodger Mitchell, Assistant Director, Planning & Development  
Darran Baggs, Technical Support Specialist  
Mike Johnson, Chief Legal Counsel  
Kim Christy, Deputy Director, Surface & External Relations  
Deena Loyola, Public Information Officer  
Chris Fausett, Deputy Assistant Director, Surface & External Relations

LaVonne Garrison, Assistant Director, Oil & Gas  
Lisa Jones, Executive Assistant to the Board  
Karen Rupp, Utah State Board of Education Beneficiary  
Natalie Gordon, Utah State Board of Education Beneficiary  
Margaret Bird, U of U and USU Beneficiary

At 2:00 p.m. Mr. Ruppe made and Mr. Barrus seconded the motion to move out of closed session. The vote was unanimous in the affirmative. Mr. Mower was not present for the vote.

### **Adjourn**

With no further business before the Board, Chair Bullard entertained a motion from Mr. Ruppe, seconded by Mr. Woodbury to adjourn. The vote was unanimous in the affirmative. Mr. Mower was not present for the vote.

The meeting concluded at 2:01 p.m.

Respectfully Submitted,

Lisa S. Jones  
Executive Assistant to the Board